SUSANA MARTINEZ
Governor

JOHN A. SANCHEZ
Lt. Governor

NEW MEXICO
ENVIRONMENT DEPARTMENT

Harold Runnels Building
1190 South St. Francis Drive (87505)
P.O. Box 5469, Santa Fe, NM 87502-5469
Phone (505) 827-0187 Fax (505) 827-0160
www.env.nm.gov

BUTCH TONGATE
Cabinet Secretary

J. C. BORREGO
Deputy Secretary

Certified Mail - Return Receipt Requested

August 2, 2018

Mr. J.C. Lister, Mine Manager
Rio Grande Resources Corporation
P.O. Box 1150
Grants, New Mexico 87020

Re: **Rio Grande Resources Mount Taylor Mine; Major; Individual Permit; SIC 1094: NPDES Compliance Evaluation Inspection; NPDES # NM0028100; July 11, 2018**

Dear Mr. Lister:

Enclosed please find a copy of the report and check list for the referenced inspection that the New Mexico Environment Department (NMED) conducted at your facility on behalf of the U.S. Environmental Protection Agency (USEPA). This inspection report will be sent to the USEPA in Dallas for their review. These inspections are used by USEPA to determine compliance with the National Pollutant Discharge Elimination System (NPDES) permitting program in accordance with requirements of the federal Clean Water Act.

Introduction, detailed site observations, and findings noted during this inspection are discussed in the "further explanations" section of the inspection report.

You are encouraged to review the inspection report, required to correct any problems noted during the inspection, and advised to modify your operational and/or administrative procedures, as appropriate. If you have comments on or concerns with the basis for the findings in the NMED inspection report, please contact us (see the address below) in writing within 30 days from the date of this letter. Further, you are encouraged to notify in writing both the USEPA and NMED regarding modifications and compliance schedules at the addresses below:

Robert Houston
US Environmental Protection Agency, Suite 1200
Enforcement Branch (6EN-WS)
1445 Ross Avenue
Dallas, Texas 75202-2733

Sarah Holcomb, Program Manager
New Mexico Environment Department
Surface Water Quality Bureau
Point Source Regulation Section
P.O. Box 5469
Santa Fe, New Mexico 87502

Rio Grande Resources Mount Taylor Mine
August 2, 2018
NM0028100

If you have any questions about this inspection report, please contact Daniel Valenta at 505-827-2575 or at daniel.valenta@state.nm.us.

Sincerely,

/s/Sarah Holcomb

Sarah Holcomb
Surface Water Quality Bureau

Cc: Carol Peters-Wagnon, USEPA (6EN-WM) by e-mail
David Long, USEPA (6EN-WM) by e-mail
Amy Andrews, USEPA (6EN-WM) by e-mail
David Esparza, USEPA (6EN-WM) by e-mail
Robert Houston, USEPA (6EN-WS) by e-mail
Darlene Whitten-Hill, USEPA (6EN-WC) by e-mail
Nancy Williams, USEPA (6EN-WC) by e-mail
Robert Italiano, NMED District II by e-mail

Form Approved
OMB No. 2040-0003
Approval Expires 7-31-85

NPDES Compliance Inspection Report

Section A: National Data System Coding

1	Transaction Code	2	NPDES	11	12	yr/mo/day	17	18	Inspec. Type	19	Inspector	20	Fac Type
	N	5	NM0028100			180711			C		S		2

Remarks: INDUSTRIAL DISCHARGE MINING

67	Inspection Work Days	69	70	Facility Evaluation Rating	71	BI	72	QA	73	74	75	Reserved	80
			5			N		N					

Section B: Facility Data

Name and Location of Facility Inspected *(For industrial users discharging to POTW, also include POTW name and NPDES permit number)*	Entry Time /Date	Permit Effective Date
Rio Grande Resources Mount Taylor Mine, P.O. Box 1150, Grants, N.M... Located 23 miles northeast of Milan on NM 605. Approximately 1 mile past San Mateo to the right. Cibola County	1149 hours/7-11-2018	10/1/2016
	Exit Time/Date: 1232 hours/7-11-2018	Permit Expiration Date: 9/30/2021

Name(s) of On-Site Representative(s)/Title(s)/Phone and Fax Number(s)

Mr. Bruce Norquist/Facility Manager/505-287-7971
Ms. Anita Willcox/ Department Specialist III/505-287-7971
Ms. Barbara Everett/NV5-Sr. Project Manager/505-344-7373/ cell 505-280-1079

Name, Address of Responsible Official/Title/Phone and Fax Number

J. C. Lister, Mine Manager, Rio Grande Resources Corporation, P. O. Box 1150, Grants, NM 87020

Contacted: Yes [ ] No [*]

Other Facility Data

Outfalls (Latitude, Longitude)

LAT N. 35° 24” 0.04’
LONG W. -107° 38” 23.35’

SIC 4952

Section C: Areas Evaluated During Inspection

(S = Satisfactory, M = Marginal, U = Unsatisfactory, N = Not Evaluated)

S	Permit	N	Flow Measurement	N	Operations & Maintenance	N	CSO/SSO
S	Records/Reports	N	Self-Monitoring Program	N	Sludge Handling/Disposal	N	Pollution Prevention
S	Facility Site Review	N	Compliance Schedules	N	Pretreatment	N	Multimedia
N	Effluent/Receiving Waters	N	Laboratory	N	Storm Water	N	Other:

Section D: Summary of Findings/Comments (Attach additional sheets if necessary)

1. A Compliance Evaluation Inspection was conducted at the Rio Grande Resources Mount Taylor Mine near San Mateo, New Mexico on July 11, 2018. The mine is inactive and has been since 1990. All domestic waste from the office area is treated via septic tank. No discharges were observed, all DMRs submitted as required.

Name(s) and Signature(s) of Inspector(s)	Agency/Office/Telephone/Fax	Date
Daniel Valenta */s/Daniel Valenta*	NMED/SWQB 505-827-2575	*8/2/2018*
Signature of Management QA Reviewer	**Agency/Office/Phone and Fax Numbers**	**Date**
Jennifer Foote */s/Jennifer Foote*	NMED/SWQB 505-827-0596	*8/2/2018*

Rio Grande Resources Mount Taylor Mine	PERMIT NO. NM0028100

SECTION A - PERMIT VERIFICATION

PERMIT SATISFACTORILY ADDRESSES OBSERVATIONS X S ¨ M ¨ U ¨ NA (*FURTHER EXPLANATION ATTACHED No)*

DETAILS:

1. CORRECT NAME AND MAILING ADDRESS OF PERMITTEE	X Y ¨ N ¨ NA
2. NOTIFICATION GIVEN TO EPA/STATE OF NEW DIFFERENT OR INCREASED DISCHARGES	X Y ¨ N O NA
3. NUMBER AND LOCATION OF DISCHARGE POINTS AS DESCRIBED IN PERMIT	X Y ¨ N ¨ NA
4. ALL DISCHARGES ARE PERMITTED	X Y ¨ N ¨ NA

SECTION B - RECORDKEEPING AND REPORTING EVALUATION

RECORDS AND REPORTS MAINTAINED AS REQUIRED BY PERMIT. ¨ S O M ¨ U X NA (*FURTHER EXPLANATION ATTACHED No)*

DETAILS:

1. ANALYTICAL RESULTS CONSISTENT WITH DATA REPORTED ON DMRs.	¨ Y O N X NA
2. SAMPLING AND ANALYSES DATA ADEQUATE AND INCLUDE.	¨ S O M ¨ U X NA
a) DATES, TIME(S) AND LOCATION(S) OF SAMPLING	¨ Y ¨ N X NA
b) NAME OF INDIVIDUAL PERFORMING SAMPLING	¨ Y ¨ N X NA
c) ANALYTICAL METHODS AND TECHNIQUES.	¨ Y ¨ N X NA
d) RESULTS OF ANALYSES AND CALIBRATIONS.	¨ Y ¨ N X NA
e) DATES AND TIMES OF ANALYSES.	¨ Y O N X NA
f) NAME OF PERSON(S) PERFORMING ANALYSES.	¨ Y ¨ N X NA
3. LABORATORY EQUIPMENT CALIBRATION AND MAINTENANCE RECORDS ADEQUATE.	¨ S ¨ M ¨ U X NA
4. PLANT RECORDS INCLUDE SCHEDULES, DATES OF EQUIPMENT MAINTENANCE AND REPAIR.	¨ S ¨ M ¨ U X NA
5. EFFLUENT LOADINGS CALCULATED USING DAILY EFFLUENT FLOW AND DAILY ANALYTICAL DATA.	¨ Y ¨ N X NA

SECTION C - OPERATIONS AND MAINTENANCE

TREATMENT FACILITY PROPERLY OPERATED AND MAINTAINED. O S O M ¨ U X NA *(FURTHER EXPLANATION ATTACHED No)*

DETAILS:

1. TREATMENT UNITS PROPERLY OPERATED.	¨ S ¨ M O U X NA
2. TREATMENT UNITS PROPERLY MAINTAINED.	¨ S ¨ M O U X NA
3. STANDBY POWER OR OTHER EQUIVALENT PROVIDED .	¨ S ¨ M O U X NA
4. ADEQUATE ALARM SYSTEM FOR POWER OR EQUIPMENT FAILURES AVAILABLE.	¨ S ¨ M O U X NA
5. ALL NEEDED TREATMENT UNITS IN SERVICE	¨ S ¨ M O U X NA
6. ADEQUATE NUMBER OF QUALIFIED OPERATORS PROVIDED.	¨ S O M ¨ U X NA
7. SPARE PARTS AND SUPPLIES INVENTORY MAINTAINED.	¨ S ¨ M ¨ U X NA
8. OPERATION AND MAINTENANCE MANUAL AVAILABLE.	¨ Y ¨ N X NA
STANDARD OPERATING PROCEDURES AND SCHEDULES ESTABLISHED.	¨ Y O N X NA
PROCEDURES FOR EMERGENCY TREATMENT CONTROL ESTABLISHED.	O Y ¨ N X NA

Rio Grande Resources Mount Taylor Mine	PERMIT NO. NM0028100

SECTION C - OPERATIONS AND MAINTENANCE (CONT'D)

9. HAVE BYPASSES/OVERFLOWS OCCURRED AT THE PLANT OR IN THE COLLECTION SYSTEM IN THE LAST YEAR?	¨ Y O N X NA
IF SO, HAS THE REGULATORY AGENCY BEEN NOTIFIED?	O Y ¨ N X NA
HAS CORRECTIVE ACTION BEEN TAKEN TO PREVENT ADDITIONAL BYPASSES/OVERFLOWS?	¨ Y O N X NA
10.HAVE ANY HYDRAULIC OVERLOADS OCCURRED AT THE TREATMENT PLANT?	¨ Y ¨ N X NA
IF SO, DID PERMIT VIOLATIONS OCCUR AS A RESULT?	¨ Y ¨ N X NA

SECTION D - SELF-MONITORING

PERMITTEE SELF-MONITORING MEETS PERMIT REQUIREMENTS. ¨ S ¨ M O U X NA *(FURTHER EXPLANATION ATTACHED NO).*
DETAILS:
No Discharge

1. SAMPLES TAKEN AT SITE(S) SPECIFIED IN PERMIT.	¨ Y ¨ N X NA
2. LOCATIONS ADEQUATE FOR REPRESENTATIVE SAMPLES.	¨ Y ¨ N X NA
3. FLOW PROPORTIONED SAMPLES OBTAINED WHEN REQUIRED BY PERMIT.	O Y ¨ N X NA
4. SAMPLING AND ANALYSES COMPLETED ON PARAMETERS SPECIFIED IN PERMIT.	¨ Y O N X NA
5. SAMPLING AND ANALYSES PERFORMED AT FREQUENCY SPECIFIED IN PERMIT.	¨ Y O N X NA
6. SAMPLE COLLECTION PROCEDURES ADEQUATE	¨ Y O N X NA
a) SAMPLES REFRIGERATED DURING COMPOSITING.	¨ Y ¨ N X NA
b) PROPER PRESERVATION TECHNIQUES USED.	¨ Y O N X NA
c) CONTAINERS AND SAMPLE HOLDING TIMES CONFORM TO 40 CFR 136.3.	¨ Y ¨ N X NA
7. IF MONITORING AND ANALYSES ARE PERFORMED MORE OFTEN THAN REQUIRED BY PERMIT, ARE THE RESULTS REPORTED IN PERMITTEE'S SELF-MONITORING REPORT?	¨ Y ¨ N X NA

SECTION E - FLOW MEASUREMENT

PERMITTEE FLOW MEASUREMENT MEETS PERMIT REQUIREMENTS. O S ¨ M ¨ U X NA *(FURTHER EXPLANATION ATTACHED No)*
DETAILS:

1. PRIMARY FLOW MEASUREMENT DEVICE PROPERLY INSTALLED AND MAINTAINED.	¨ Y ¨ N X NA
TYPE OF DEVICE	
2. FLOW MEASURED AT EACH OUTFALL AS REQUIRED.	¨ Y ¨ N X NA
3. SECONDARY INSTRUMENTS (TOTALIZERS, RECORDERS, ETC.) PROPERLY OPERATED AND MAINTAINED.	¨ Y ¨ N X NA
4. CALIBRATION FREQUENCY ADEQUATE.	O Y ¨ N X NA
RECORDS MAINTAINED OF CALIBRATION PROCEDURES.	¨ Y ¨ N X NA
CALIBRATION CHECKS DONE TO ASSURE CONTINUED COMPLIANCE.	¨ Y ¨ N X NA
5. FLOW ENTERING DEVICE WELL DISTRIBUTED ACROSS THE CHANNEL AND FREE OF TURBULENCE.	¨ Y ¨ N X NA
6. HEAD MEASURED AT PROPER LOCATION.	¨ Y ¨ N X NA
7. FLOW MEASUREMENT EQUIPMENT ADEQUATE TO HANDLE EXPECTED RANGE OF FLOW RATES.	¨ Y ¨ N X NA

SECTION F – LABORATORY

PERMITTEE LABORATORY PROCEDURES MEET PERMIT REQUIREMENTS. ¨ S ¨ M ¨ U X NA *(FURTHER EXPLANATION ATTACHED No)*
DETAILS:

1. EPA APPROVED ANALYTICAL PROCEDURES USED *(40 CFR 136.3 FOR LIQUIDS, 503.8(b) FOR SLUDGES)*	¨ Y ¨ N X NA

Rio Grande Resources Mount Taylor Mine	PERMIT NO. NM0028100

SECTION F - LABORATORY (CONT'D)

2. IF ALTERNATIVE ANALYTICAL PROCEDURES ARE USED, PROPER APPROVAL HAS BEEN OBTAINED ¨ Y ¨ N X NA

3. SATISFACTORY CALIBRATION AND MAINTENANCE OF INSTRUMENTS AND EQUIPMENT. ¨ S O M ¨ U X NA

4. QUALITY CONTROL PROCEDURES ADEQUATE. ¨ S ¨ M ¨ U X NA

5. DUPLICATE SAMPLES ARE ANALYZED. __ % OF THE TIME. ¨ Y ¨ N X NA

6. SPIKED SAMPLES ARE ANALYZED. __ % OF THE TIME. ¨ Y ¨ N X NA

7. COMMERCIAL LABORATORY USED. ¨ Y ¨ N X NA

LAB NAME

LAB ADDRESS

PARAMETERS PERFORMED

SECTION G - EFFLUENT/RECEIVING WATERS OBSERVATIONS. ¨ S ¨ M O U X NA *(FURTHER EXPLANATION ATTACHED No).*

OUTFALL NO.	OIL SHEEN	GREASE	TURBIDITY	VISIBLE FOAM	FLOAT SOL.	COLOR	OTHER
001	N/A	N/A	N/A	N/A	N/A	N/A	

RECEIVING WATER OBSERVATIONS

SECTION H - SLUDGE DISPOSAL

SLUDGE DISPOSAL MEETS PERMIT REQUIREMENTS. ¨ S ¨ M ¨ U X NA *(FURTHER EXPLANATION ATTACHED No).*
DETAILS:

1. SLUDGE MANAGEMENT ADEQUATE TO MAINTAIN EFFLUENT QUALITY. ¨ S ¨ M ¨ U X NA

2. SLUDGE RECORDS MAINTAINED AS REQUIRED BY 40 CFR 503. ¨ S ¨ M ¨ U X NA

3. FOR LAND APPLIED SLUDGE, TYPE OF LAND APPLIED TO: _____ (e.g., FOREST, AGRICULTURAL, PUBLIC CONTACT SITE)

SECTION I - SAMPLING INSPECTION PROCEDURES *(FURTHER EXPLANATION ATTACHED ___).*

1. SAMPLES OBTAINED THIS INSPECTION. ¨ Y ¨ N X NA

2. TYPE OF SAMPLE OBTAINED

GRAB _____ COMPOSITE SAMPLE ___ METHOD _____ FREQUENCY

3. SAMPLES PRESERVED. ¨ Y ¨ N ¨ NA

4. FLOW PROPORTIONED SAMPLES OBTAINED. ¨ Y ¨ N ¨ NA

5. SAMPLE OBTAINED FROM FACILITY'S SAMPLING DEVICE. ¨ Y ¨ N ¨ NA

6. SAMPLE REPRESENTATIVE OF VOLUME AND MATURE OF DISCHARGE. ¨ Y ¨ N ¨ NA

7. SAMPLE SPLIT WITH PERMITTEE. ¨ Y ¨ N ¨ NA

8. CHAIN-OF-CUSTODY PROCEDURES EMPLOYED. ¨ Y ¨ N ¨ NA

9. SAMPLES COLLECTED IN ACCORDANCE WITH PERMIT. ¨ Y ¨ N ¨ NA

Compliance Evaluation Inspection
Rio Grande Resources/Mt. Taylor Mine
July 11, 2018
NM0028100

Further Explanations

Introduction

On July 11, 2018, a Compliance Evaluation Inspection (CEI) was conducted at the Rio Grande Resources Corporation (RGR)/Mt. Taylor Mine located at San Mateo, New Mexico by Daniel Valenta of the State of New Mexico Environment Department (NMED) accompanied by Sandra Gabaldon (NMED). RGR is classified as a major discharger under the federal Clean Water Act, Section 402 National Pollutant Discharge Elimination System (NPDES) permit program and is assigned permit #NM0028100.

Under the Standard Industrial Classification (SIC) Code(s) 1094, the applicant operates the Mt. Taylor Mine which is an underground mine currently inactive with no discharge from the permitted outfall. RGR may discharge treated groundwater and treated domestic wastewater if the mine becomes operational. The plant site is located in Cibola County, New Mexico. Treated groundwater, storm runoff, and treated sewage will discharge to an unnamed tributary, thence to San Miguel Creek, thence to Arroyo Chico, thence to Rio Puerco and thence to the Rio Grande in Segment No. 20.6.4.105 of the Rio Grande Basin. The general and specific stream standards can be found in "New Mexico State Standards for Interstate and Intrastate Surface Waters," (20.6.4 NMAC, amended through August 11, 2017). The facility is not operating and therefore no mine water has been discharged since June of 1990. No effluent characteristics are available. This facility is permitted to discharge from Outfall 001 and from Internal Outfall 01A.

The NMED performs a certain number of CEIs for the U.S. Environmental Protection Agency (USEPA), Region VI, under the NPDES permit program, in accordance with the Federal Clean Water Act. USEPA uses these inspections to determine compliance with the NPDES permit program. This inspection report is based on information provided by the permittee's representatives, observations made by the NMED inspector, and reports kept by the permittee and/or NMED.

Upon arrival at the mine at 11:49 hours on July 11, 2018, the inspector conducted an entrance interview with Mr. Bruce Norquist, Facility Manager, Ms. Anita Willcox, Department Specialist III, and Ms. Barbara Everett, NV5 Project Manager. The Inspector presented his credentials and explained the purpose of the inspection. Mr. Bruce Norquist provided a tour of the facility. An exit interview was conducted with Mr. Bruce Norquist at the facility at approximately 1224 on July 11, 2018 to present the preliminary findings of the inspection.

Permit/Discharge Status

The Mt. Taylor Mine was developed in the 1970's by Gulf Mineral Resources Company. After excavation of the two 3,300-foot shafts during a five-year period, Gulf started production in 1980. Production continued until September 30, 1982. Ownership was transferred to Chevron Resources Company in 1985 when the two companies merged. Chevron suspended the mine in 1990 due to the low market price for uranium. RGR acquired the mine and other Chevron property in 1991.

Compliance Evaluation Inspection
Rio Grande Resources/Mt. Taylor Mine
July 11, 2018
NM0028100

The mine has not been in production since RGR purchased the property. According to the Facility Manager the mine is proposed to resume operation. To gain access to the ore zones, the mine area has to be dewatered. The groundwater discharged may have to be treated before discharging. The mine historically produced uranium using conventional underground mining methods from ore zones of the Morrison Formation at depths of more than 3000 feet below ground surface. At the time of the inspection construction was underway for a containment area for material excavated from the site as new construction began.

NMED/SWQB

Official Photograph Log

Photo # 1

Photographer: Daniel Valenta	Date: 7/11/2018	Time: 1151 hours
City/County: Mount Taylor Mine, 23 miles north of Milan/Cibola County		
Location: Rio Grande Mount Taylor Mine		
Subject: Holding/settling lagoons are being cleaned and a liner installed.		

NMED/SWQB

Official Photograph Log

Photo # 2

Photographer: Daniel Valenta	Date: 7/11/2018	Time: 1224 hours
City/County: Mount Taylor Mine, 23 miles north of Milan/Cibola County		
Location: Rio Grande Mount Taylor Mine		
Subject: A new storage/containment structure is being built.		

NMED/SWQB

Official Photograph Log

Photo # 3

Photographer: Daniel Valenta	Date: 7/11/2018	Time: 1223 hours
City/County: Mount Taylor Mine, 23 miles north of Milan/Cibola County		
Location: Rio Grande Mount Taylor Mine		
Subject: Mount Taylor headworks.